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Swine Farm Business Summary

PREFACE

The 1984 Nova Scotia Swine Farm Business Summary for the Finishing Enterprise is a synopsis of the business performance of thirteen (13) Nova Scotia Swine Finishing Farms.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered their data for use in the Summary. Since this is not a random sample selection of farms, care should be exercised in the use and interpretation of the results shown in the various tables of this Summary.

Despite this limitation, farmers can compare their individual results with group average figures for farms with similar characteristics. Such comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmers own records and comparison of these from one year to the next.

We gratefully acknowledge the co-operation of the swine producers who participated in this Summary.

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INTRODUCTION

The Nova Scotia Swine Farm Business Summary for the Finishing Enterprise is designed to provide bench-mark information that can be used to compare the financial strength and weakness of individual swine farms with similar characteristics. Farm Business Analysis is an important function of the farm manager-operator. When analysing the farm business, you must ask meaningful questions regarding the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your farm business. By identifying the weaknesses of your business and taking corrective action, the profit picture should also be improved.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. It is for each of you to identify these and then compare your performance in achieving these objectives.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This perhaps is the best comparison. Have you progressed in reaching the goals you have set for your farm business.

- You can compare your performance with group average data for farms of similar size and general characteristics. This report may be useful in this regard.

- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

RECEIPTS

Receipts from the sale of hogs averaged 87.6 percent of Total Farm Receipts. Of this amount, market hog sales accounted for 98.9 percent, and other hogs for 1.1 percent.

Total Farm Receipts amounted to $366,105. on a per farm basis, or $144.56 on a per hog basis.

TABLE 1: RECEIPTS

ITEM	PER FARM	PER HOG SOLD
Market Hogs	$317,038.	$ 125.18
Other Hogs	3,672.	1.45
TOTAL HOG RECEIPTS	$320,709.	$ 126.63
Stabilization	$ 19,432.	$ 7.67
Subsidies	5,059.	2.00
Other Income	20,906.	8.25
TOTAL FARM RECEIPTS	$366,105.	$ 144.56

EXPENSES

Purchased feed was the largest item of cost and accounted for 53.3 percent of Total Cash Expenses. In dollar terms, feed amounted to $76.32 on a per hog sold basis.

Feed was followed by purchased livestock at 31.1 percent, miscellaneous at 3.1 percent, hired labor at 3.1 percent and interest on operating loans at 2.3 percent of Total Cash Expenses.

TABLE 2: EXPENSES

ITEM	PER FARM	PER HOG SOLD
Feed Purchased	$193,279.	$ 76.32
Swine Purchased	113,683.	44.89
Hired Labor	11,177.	4.41
Bedding	248.	0.10
Vet & Drugs	1,304.	0.51
Hog Supplies	699.	0.28
Marketing Costs	2,876.	1.14
Utilities	2,774.	1.10
Taxes	770.	0.30
Insurance	1,758.	0.69
Building Repairs	3,734.	1.47
Machinery & Equipment Expense	6,430.	2.54
Auto Expense	3,027.	1.20
Interest - Operating	8,247.	3.26
Miscellaneous	12,692.	5.01
TOTAL CASH EXPENSES	$362,697.	$ 143.21

INCOME SUMMARY

Income is one of the key factors studied when analysing a farm business. In this table, two (2) measures of income are summarized.

NET CASH INCOME refers to the difference between Farm Receipts and Cash Expenses. For these farms, their income measure averaged $3,408. on a per farm basis, or $1.35 on a per hog sold basis.

NET FARM INCOME is the difference between Farm Receipts and Cash Expenses with adjustments made for inventory increase, depreciation and interest on long term borrowings. For the farms included in this study, Net Farm Income averaged $-(5,566.), or $-(2.20) per hog sold.

TABLE 3: INCOME SUMMARY

ITEM	PER FARM	PER HOG SOLD
Total Farm Receipts	$366,105.	$ 144.56
Total Cash Expenses	362,697.	143.21
NET CASH INCOME	$ 3,408.	$ 1.35
Plus: Inventory Change	$ 11,665.	$ 4.61
Less: Depreciation	13,072.	5.16
Interest on Capital Loans	7,567.	2.99
NET FARM INCOME	$-(5,566.)	$ -(2.20)

AVERAGE COST OF PORK PRODUCTION

For the farms in this study, the average cost of producing pork was $0.74 per pound on a live weight basis, and $0.94 per pound for dressed weight.

Note that this cost figure does not include a value for operator labor or interest on equity. Instead, it is a measure of the cost at the Net Farm Income level. No amount has been added for what is traditionally called "Opportunity Costs".

TABLE 4: AVERAGE COST OF PORK PRODUCTION

ITEM		PER FARM	PER HOG SOLD
Total Farm Expenses		$383,337.	$ 151.36
Plus: Inventory Adjustment		-(11,665.)	-(4.61)
Less: Other Income		20,906.	8.25
TOTAL COSTS		$350,765.	$ 138.50
Total Lbs. of Pork Produced (L.W.)	(lbs)	476,476	188.14
Ave. Cost of Production (L.W.)	($)	0.74	0.74
Ave. Cost of Production (D.W.)	($)	0.94	0.94

COST ANALYSIS

Feed purchased was the largest single item associated with producing pork. This item averaged 50.4 percent of Total Costs. Feed purchased was followed by swine purchased at 29.7 percent, depreciation at 3.4 percent, miscellaneous at 3.3 percent, and hired labor at 2.9 percent.

TABLE 5: COST ANALYSIS

ITEM	PERCENT OF TOTAL
Feed Purchased	50.4 %
Swine Purchased	29.7
Hired Labor	2.9
Bedding	0.1
Vet & Drugs	0.3
Hog Supplies	0.2
Marketing Costs	0.8
Utilities	0.7
Taxes	0.2
Insurance	0.5
Building Repairs	1.0
Machinery & Equipment Expense	1.7
Auto Expenses	0.8
Interest - Operating	2.2
Miscellaneous	3.3
Depreciation	3.4
Interest - Loans	2.0
TOTAL	100.0 %

PRODUCTION ANALYSIS

For farms in this study, there were an average of 2,512 market hogs sold. Weanling purchases averaged 2,757 head, with a feeder mortality of 5 percent for these farms. Market hogs were sold at an average dressed weight of 170 pounds.

TABLE 6: PRODUCTION ANALYSIS

ITEM		PER FARM
Market Hogs Sold	(#)	2,512
Other Hogs Sold	(#)	21
Inventory Change (±)	(#)	64
Inventory Adjustment (±)	(#)	19
Purchases	(#)	2,757
Feeder Hog Mortality	(#)	141
Feeder Hog Mortality	(%)	5
Total Hogs Sold	(#)	2,533
Ave. Wt. per Market Hog (D.W.)	(lbs)	170
Ave. Return per Market Hog	($)	126.23
Labor Man Equivalents	(#)	1.68
Feeders Sold/Man Equivalent	(#)	1,496
Total Sales per Man	($)	218,028

PRODUCTION ANALYSIS

Feed consumption per hog averaged 48.08 kilograms of starter and 280.31 kilograms of grower, for a total consumption of 328.39 kilograms of feed. This gives a feed conversion of 3.31 pounds of feed for each pound of gain.

TABLE 7: PRODUCTION ANALYSIS

ITEM		PER FARM
Starter per Hog	(kgs)	48.08
Cost Starter/Hog	($)	13.66
Grower per Hog	(kgs)	280.31
Cost Grower/Hog	($)	71.10
Total Feed/Hog	(kgs)	328.39
Total Cost Feed/Hog	($)	84.76
Ave. L.W. Hog Produced	(kgs)	99.06
Feed Conversion - Starter & Grower		3.31
Feed Cost/Kg. L.W. Hog	($)	0.86
Feed Cost/100 Lbs. L.W. Hog Produced	($)	38.89
Feed Cost/100 Lbs. D.W. Hog Produced	($)	49.86
Starter Cost/Tonne	($)	284.10
Grower Cost/Tonne	($)	253.64

S U M M A R Y

The 1984 Nova Scotia Swine Farm Business Summary provides basic information and statistics on the costs and returns associated with the Swine Finishing Enterprise on Nova Scotia farms. While not based on a statistically sound random sample of swine farms, the summary can be used with care to assist in the analysis of the swine finishing enterprise by providing group average data for comparison purposes.

In reviewing the information contained in previous pages, the following points can be noted:

- Average market hog dressed weight was 170 pounds.
- Average feed consumption per market hog was 328.39 kilograms of feed, for a conversion of 3.31.

In compiling the data for this summary, extreme variation among farms was noted. This variation was observed in most factors of returns, costs and management factors. Below, we outline a number of the variations observed:

- Net Farm Income had a range of $48.75 per hog sold between the highest and lowest net incomes on a per hog sold basis.
- Feed cost per hog sold had a range of $29.12.
- Feed cost as a percent of total costs varied between 29.5 percent and 61.2 percent.
- Kilograms of feed per hog raised varied as much as 115.95 kilograms.
- Hogs sold per man equivalent had a range of 4,658 hogs between the highest and lowest per man.

With such wide variations in many of the returns, costs and management factors, it is difficult to isolate specific characteristics that result in a profitable swine finishing unit. It would appear, however, that a number of the key factors of production outlined above, such as production, cost control, efficient use of capital and labor, are of significant importance in determining the success of the farm unit.

Those farm operators who successfully combined these factors of production in the management and operation of their farm units achieved a reasonable return to their labor, capital and management skills.